

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
ANNUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Development District
Mandeville, Louisiana

We have audited the accompanying basic financial statements of the St. Tammany Parish Development District (the District), as of December 31, 2009 and 2008, and for the years then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Development District as of December 31, 2009 and 2008, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 3, 2010 on our considerations of the St. Tammany Parish Development District's internal control structure and on its compliance with laws and regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and page 24, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information, and express no opinion on it.

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Our audits were conducted for the purpose of forming opinions on the basic financial statements of St. Tammany Parish Development District taken as a whole. The accompanying schedule of compensation paid to board members for the year ended December 31, 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Silva Gurtner & Abney, LLC

March 3, 2010

ST. TAMMANY PARISH DEVELOPMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is a required element of the new reporting model adopted by the Governmental Accounting Standards Board in their Statement No. 34. Its purpose is to provide an overview of the financial activities of the District's office based on currently known facts and decisions of conditions. Please read it in conjunction with the District's financial statements, which begin on page 7.

The basic financial statements include government-wide and government fund statements. The government-wide Statements of Net Assets and Statements of Activities present information for all the activities of the District's office, from an economic resources measurement focus using the accrual basis of accounting. Primarily for our office the difference between these statements and Governmental fund statements is that assets are capitalized and depreciated over their estimated useful life versus expensed in the Governmental fund statements. The Balance Sheets – General Fund detail the assets and liabilities of the governmental fund while the Reconciliations of the Governmental Fund Balance Sheets to Statements of Net Assets reflects the differences from the amounts reported in the Statements of Net Assets. The Statements of Revenues, Expenditures and Changes in Fund Balance reflect the current year receipt and disbursement of funds and the Reconciliations report the differences in the change in fund balance to the change in net assets of the Government activities. The differences between the adopted budget and the actual activities are reflected in the Statements of Revenues, Expenditures, and Changes in Fund Balance-General Fund-Budget to Actual.

The District is a subdivision of the State of Louisiana within the Parish of St. Tammany. The accompanying financial statements only present information in the funds maintained by the District.

STATEMENTS OF NET ASSETS AND STATEMENTS OF ACTIVITIES

The Statements of Net Assets and Statements of Activities report information about the funds maintained by the District as a whole and about its activities in a way which helps answer one of the most important questions asked about the District's finances, "Is the District, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

These two statements report the District's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure the District's financial health and, over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the District as governmental activities in the Statements of Net Assets and Statements of Activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of insurance, accounting fees, and support payments to the St. Tammany Economic Development Foundation (EDF), which is the management arm for the District. A percentage of the state hotel and motel sales tax collections finance the operating activities of the District.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2009 and 2008 by \$2,499,141 and \$2,886,397, respectively, (net assets), which represents a 3% decrease and 6% decrease, respectively, over the previous year.

Cash was \$96,538 at December 31, 2009 compared to \$143,144 at December 31, 2008. This is a decrease of \$46,606 or 33%.

The District's revenue decreased \$124,600 and \$409,834, or 23% and 43%, respectively, for the years ended December 31, 2009 and 2008. The decrease in 2009 was primarily due to a decrease in hotel/motel tax revenue. The decrease in 2008 was primarily due to a decrease in state capital outlay revenue of \$634,794.

Capital assets decreased \$292,361 and \$237,894, respectively, as of December 31, 2009 and 2008. There were no new capital outlay projects in 2009. The decrease as of December 31, 2009 was primarily due to the depreciation of capital assets. The decrease as of December 31, 2008 was primarily due to the completion of all 2008 capital outlay projects.

The District's expenditures for the years ended December 31, 2009 and 2008, excluding depreciation expense, increased \$54,199 and \$165,288, or 12% and 56%, respectively, over the prior fiscal years. The increase in 2009 was due to additional funds transferred to EDF and an increase in service fees due to a new bond project. The increase in 2008 was due to additional funds transferred to EDF and the sale of right of way proceeds given to Diversified Foods and Seasonings.

At the close of fiscal year 2009, the District's general fund had an excess balance of \$46,538. The District's general fund had an excess balance of \$141,433 at the close of fiscal year 2008.

As a result of subtracting total expenditures from total revenue, the District's net assets decreased by \$387,256 and \$179,043, respectively, for the fiscal years ended December 31, 2009 and 2008.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. The District's total net assets changed from \$2,886,397 at year ending December 31, 2008 to \$2,499,141 at year ending December 31, 2009 as a result of decreased state capital outlay revenue.

The District's office at December 31, 2009 and 2008 had \$96,538 and \$143,444, respectively, in cash on hand for operating costs. These deposits are secured from risk by \$250,000 of federal deposit insurance as of December 31, 2009 and 2008.

Revenue to the District consisted primarily of state hotel and motel sales tax collections, lease income and administrative fees, and pass through funds for various projects the District was involved in.

Expenditures for the District consisted of management fees paid to the EDF, which is the management arm for the District, and depreciation expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the fiscal year ended December 31, 2009, there were no significant variances in the budget. A final amended budget was adopted at the District's December 10, 2009 meeting.

CAPITAL ASSETS

Capital assets currently held by the District will revert to a private company at the time the company pays off a taxable revenue bond issued by the District. The capital assets consist of land, land improvements, and equipment paid for with bond proceeds received by the District. The term of the revenue bond which includes capital assets is twenty years, and, for that reason, the land improvements and equipment are being depreciated over a period of ten years. No depreciation is taken on the land. Net capital assets at year-end December 31, 2009 and 2008, were \$2,452,603 and \$2,744,964, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District considered many factors when setting the operating budget for its general fund for the year ending December 31, 2010. Anticipated revenues will be approximately \$470,000, while anticipated expenditures will be approximately \$470,000. The District does not anticipate a profit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the St. Tammany Parish Development District and to show the accountability for the money it receives. If you have any questions or need additional information, contact the District's office at 21489 Koop Drive, Suite 7, Mandeville, LA 70471.

BASIC FINANCIAL STATEMENTS

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
STATEMENTS OF NET ASSETS
DECEMBER 31, 2009 AND 2008**

	GOVERNMENTAL ACTIVITIES	
	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 96,538	\$ 143,444
Intergovernmental receivable	<u>-</u>	<u>53,705</u>
Total current assets	96,538	197,149
Capital Assets		
Land	400,000	400,000
Construction in progress	-	767,281
Capital improvements	<u>3,396,753</u>	<u>2,629,472</u>
Total capital assets	<u>3,796,753</u>	<u>3,796,753</u>
Accumulated depreciation	<u>(1,344,150)</u>	<u>(1,051,789)</u>
Total capital assets, net of accumulated depreciation	<u>2,452,603</u>	<u>2,744,964</u>
Total Assets	<u>2,549,141</u>	<u>2,942,113</u>
LIABILITIES		
Accrued payables	-	2,011
Service fee payable	<u>50,000</u>	<u>53,705</u>
Total Liabilities	50,000	55,716
NET ASSETS		
Investment in capital assets	2,452,603	2,744,964
Unrestricted	<u>46,538</u>	<u>141,433</u>
Total Net Assets	<u>\$ 2,499,141</u>	<u>\$ 2,886,397</u>

The accompanying notes are an integral part of these statements.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	GOVERNMENTAL ACTIVITIES	
	<u>2009</u>	<u>2008</u>
Expenses		
Economic development support	\$ 307,378	\$ 265,584
Legal and professional	26,330	28,155
Service fees	175,000	75,000
Depreciation	292,361	262,947
Other	8,361	94,131
	<u>809,430</u>	<u>725,817</u>
Total Expenses	809,430	725,817
Program Revenues		
Lease income and administrative fees	47,000	105,362
Bond application revenue	-	3,500
Service fee revenue	175,000	75,000
Reimbursement income	64,632	70,591
State capital grants	-	25,053
	<u>286,632</u>	<u>279,506</u>
Total Program Revenues	286,632	279,506
General Revenues		
Hotel/motel tax revenue	<u>135,542</u>	<u>267,268</u>
Change in net assets	(387,256)	(179,043)
Net assets - beginning of year	<u>2,886,397</u>	<u>3,065,440</u>
Net assets - end of year	<u><u>\$ 2,499,141</u></u>	<u><u>\$ 2,886,397</u></u>

The accompanying notes are an integral part of these statements.

FUND FINANCIAL STATEMENTS

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
BALANCE SHEETS - GENERAL FUND
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 96,538	\$ 143,444
Intergovernmental receivable	<u>-</u>	<u>53,705</u>
Total Assets	<u>\$ 96,538</u>	<u>\$ 197,149</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accrued payables	\$ -	\$ 2,011
Service fee payable	<u>50,000</u>	<u>53,705</u>
Total liabilities	50,000	55,716
Fund Balance		
Unrestricted	<u>46,538</u>	<u>141,433</u>
Total fund balance	<u>46,538</u>	<u>141,433</u>
Total Liabilities and Fund Balance	<u>\$ 96,538</u>	<u>\$ 197,149</u>

The accompanying notes are an integral part of these statements.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
RECONCILIATIONS OF GOVERNMENTAL FUND
BALANCE SHEETS TO STATEMENTS OF NET ASSETS
DECEMBER 31, 2009 AND 2008**

		<u>2009</u>
Fund Balances - Total Governmental Fund		\$ 46,538
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds		
Governmental capital assets	\$ 3,796,753	
Less accumulated depreciation	<u>(1,344,150)</u>	<u>2,452,603</u>
Net Assets of Governmental Activities		<u>\$ 2,499,141</u>

		<u>2008</u>
Fund Balances - Total Governmental Fund		\$ 141,433
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds		
Governmental capital assets	\$ 3,796,753	
Less accumulated depreciation	<u>(1,051,789)</u>	<u>2,744,964</u>
Net Assets of Governmental Activities		<u>\$ 2,886,397</u>

The accompanying notes are an integral part of these statements.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Revenues		
Hotel/motel tax revenue	\$ 135,542	\$ 267,268
Lease income and administrative fees	47,000	105,362
<i>Bond application fee</i>	-	3,500
Service fee revenue	175,000	75,000
Reimbursement income	64,632	70,591
State capital grants	-	25,053
	<u>422,174</u>	<u>546,774</u>
Total Revenues	422,174	546,774
Expenditures		
Economic development support	307,378	265,584
Legal and professional	26,330	28,155
Service fee expense	175,000	75,000
Other	8,361	94,131
Acquisition of capital assets	-	25,053
	<u>517,069</u>	<u>487,923</u>
Total Expenditures	517,069	487,923
Excess (Deficiency) of Revenues over (under) Expenditures	(94,895)	58,851
Fund Balance - Beginning of Year	<u>141,433</u>	<u>82,582</u>
Fund Balance - End of Year	<u><u>\$ 46,538</u></u>	<u><u>\$ 141,433</u></u>

The accompanying notes are an integral part of these statements.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
RECONCILIATIONS OF GOVERNMENTAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENTS OF
ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Net Changes in Fund Balances - Total Governmental Fund	\$ (94,895)	\$ 58,851
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. The entity is acquiring depreciable land improvements and equipment. This amount is capitalization of land improvement and equipment purchases.	-	25,053
Governmental funds do not report depreciation expense as an expenditure.	<u>(292,361)</u>	<u>(262,947)</u>
Change in Net Assets of Governmental Activities	<u>\$ (387,256)</u>	<u>\$ (179,043)</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY PARISH DEVELOPMENT DISTRICT NOTES TO THE FINANCIAL STATEMENTS

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The St. Tammany Parish Development District (the District), was established for the purpose of promoting and encouraging the development of economic and industrial opportunities, stimulating the economy, and utilizing and developing the natural and human resources of St. Tammany Parish. The District was created by the State of Louisiana Revised Statutes 33:130.401 to 33:130.409. It was reestablished as a separate political body under the provisions of Article VI, Section 44 of the Constitution of Louisiana. The District is governed by a Board of Commissioners (the Board), consisting of fifteen voting members, appointed by the St. Tammany Parish President, the Municipal Association in St. Tammany Parish, the Greater Slidell Area Chamber of Commerce, the St. Tammany West Chamber of Commerce, the St. Tammany Parish Council, and the St. Tammany Economic Development Foundation.

The Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations. As no entity appoints a majority of its commissioners, the District is considered to be the primary government. The District does not have any component units.

Basic Financial Statements – Government-Wide Statements

The government-wide financial statements (i.e., the statements of net assets and the statements of changes in net assets) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

The statements of activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Basic Financial Statements – Fund Financial Statements

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basic Financial Statements – Fund Financial Statements, continued

Funds are ordered into three major categories: governmental, proprietary, and fiduciary. Funds within each major category are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The General Fund is the main operating fund of the District. This fund is used to account for all financial resources.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Receivables

All receivables are shown net of an allowance for uncollectibles. Intergovernmental receivables represent amounts due from the State for hotel/motel tax revenue for the period that has not yet been remitted. The District believes that all receivables are collectible.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

Capital assets, which include land, construction in progress, and capital improvements, are reported in the governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets of the governmental funds are recorded as expenditures at the time they are purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets currently held by the District will revert to a private company at the time the company pays off the taxable revenue bond issued by the District (See Note G – Conduit Debt Obligations). The capital assets consist of land, land improvements, and equipment paid for with State grants received by the District. The term of the revenue bond is twenty years, but the estimated useful life of the capital assets is 10 years. No depreciation is taken on the land.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The District then legally adopts the budget. Budgeted amounts for the General Fund included in the accompanying statements are as originally adopted by the District for the years 2009 and 2008 as of December 11, 2008 and December 13, 2007, respectively.

NOTE C – CASH AND CASH EQUIVALENTS

At December 31, 2009 and 2008, the District had cash and cash equivalents (book balances) totaling \$96,538 and \$143,444, respectively, which were demand deposits at a local financial institution. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE C – CASH AND CASH EQUIVALENTS, continued

At December 31, 2009 and 2008, the District had \$93,563 and \$218,468, respectively, in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance.

NOTE D – RECEIVABLES

A receivable of \$53,705 was recorded at December 31, 2008, respectively, for hotel/motel tax revenue receivable from the State of Louisiana. There were no receivables due as of December 31, 2009.

NOTE E – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2009 for the primary government are as follows:

	January 1, 2009	Increases	Decreases	December 31, 2009
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Construction in progress	767,281		(767,281)	-
Capital improvements	2,629,472	767,281	-	3,396,753
	<u>3,796,753</u>	<u>767,281</u>	<u>(767,281)</u>	<u>3,796,753</u>
Less accumulated depreciation for:				
Capital assets	<u>(1,051,789)</u>	<u>(292,361)</u>	-	<u>(1,344,150)</u>
Total capital assets	<u>\$ 2,744,964</u>			<u>\$ 2,452,603</u>

Capital assets and depreciation activity as of and for the year ended December 31, 2008 for the primary government are as follows:

	January 1, 2008	Increases	Decreases	December 31, 2008
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Construction in progress	742,228	25,053	-	767,281
Capital improvements	2,629,472	-	-	2,629,472
	<u>3,771,700</u>	<u>25,053</u>	-	<u>3,796,753</u>
Less accumulated depreciation for:				
Capital assets	<u>(788,842)</u>	<u>(262,948)</u>	-	<u>(1,051,789)</u>
Total capital assets	<u>\$ 2,982,858</u>			<u>\$ 2,744,964</u>

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE F – RELATED PARTY TRANSACTIONS

The District utilizes the offices and services of the St. Tammany Economic Development Foundation (the Foundation). The Foundation is a non-profit organization established for the purpose of promoting and encouraging economic development within St. Tammany Parish. Many of the District's board members are also active members of the Foundation. During the years ended December 31, 2009 and 2008, the District made payments to the Foundation of \$307,378 and \$265,584, respectively. There were no amounts due to the Foundation for economic development support as of December 31, 2009. At December 31, 2008, \$53,705, in economic development support was due from the District to the Foundation.

NOTE G – CONDUIT DEBT OBLIGATIONS

During the years ended December 31, 2009 and 2008, the District issued taxable revenue bonds to provide funding for the construction of facilities for private companies. The bonds are secured by the property and facilities of the private companies. Neither the District nor the State of Louisiana is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2009 and 2008, the following conduit debt obligations were outstanding:

<u>Series</u>	<u>Issued</u>	<u>Mature</u>	<u>Balance at December 31, 2009</u>	<u>Balance at December 31, 2008</u>
2002	April 2002	July 2022	\$ 7,380,000	\$ 8,530,000
2003	June 2003	August 2023	\$ 25,000,000	\$ 25,000,000
2006A-E	January 2006	January 2016	\$ 25,000,000	\$ 25,000,000
2006A	December 2006	December 2036	\$ 7,780,000	\$ 7,940,000
2007A-I	February 2007	February 2017	\$ 49,074,000	\$ 49,074,000
2008	March 2008	March 2033	\$ 7,800,000	\$ 7,800,000
2008	April 2008	April 2034	\$ 9,225,000	\$ 9,230,000
2008	April 2008	July 2038	\$ 45,000,000	\$ 45,000,000
2008A	May 2008	May 2038	\$ 25,000,000	\$ 25,000,000
2008	June 2008	June 2038	\$ 15,000,000	\$ 15,000,000
2008A-H	August 2008	August 2018	\$ 39,151,000	\$ 39,151,000
2009	April 2009	April 2019	\$ 107,265,000	Not Applicable
2009A-B	April 2009	April 2029	\$ 23,000,000	Not Applicable

NOTE H – LEASES

Pursuant to the taxable revenue bonds described in Note G, the District has entered into lease agreements with private companies.

An agreement with a private company was executed April 1, 2002 and expires, unless terminated earlier, on July 1, 2022, or if all bonds are not yet retired, on July 1, 2024. The monthly lease payment is \$1,000. The company has the option to purchase the property for the sum of the amount needed to retire the remaining bonds, the cost of the District's fees, and \$1,000.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE H – LEASES, continued

An agreement with a private company, dated June 1, 2003, expires on August 1, 2023 or at such time when all bonds are retired. The lease requires an initial payment of \$15,000 at commencement of the lease and \$2,500 in each of the following years. Also, the lease requires a payment of between \$55,000 and \$75,000 as long as the company is exempt from ad valorem taxes. The District is required to pay 80% of this payment to the St. Tammany Parish Fire Protection District No. 3 and 20% to the St. Tammany Parish Recreation District No. 4. The company has the option to purchase the property for the sum of the amount needed to retire the remaining bonds, the District's costs and fees, the amount of above payments accrued to date, and \$1,000. The land was purchased by the company and donated to the District. As the District considers the value of the land to be insignificant, the land has not been recorded as an asset of the District.

An agreement with a private company, dated January 1, 2006, expires on January 25, 2016 or at such time when all bonds are retired. The lease requires an initial payment of \$17,500 at commencement of the lease and \$2,500 on February 1st each of the following years, commencing on February 1, 2008. Also, the lease provides for an exemption from ad valorem tax, provided that for each calendar year, the company, together with its affiliates, maintains at least 70 average full time employees in the Parish of St. Tammany, Louisiana with an aggregate salary of \$3,150,000. The company has the option to purchase the property for the sum of the amount needed to retire the remaining bonds.

An agreement with a private company, dated February 16, 2007, expires on February 16, 2017 or at such time when all bonds are retired. The lease requires an initial payment of \$24,537 at commencement of the lease and \$2,500 on February 1st each of the following years, commencing on February 1st, 2008. Also, the lease provides for an exemption from ad valorem tax, provided that for each calendar year, the company, together with its affiliates, maintains at least 70 average full time employees in the Parish of St. Tammany, Louisiana with an aggregate salary of \$3,150,000. The company has the option to purchase the property for the sum of the amount needed to retire the remaining bonds.

An agreement with a private company, dated April 1, 2008, expires on February 1, 2024 or at such time when all bonds are retired. The lease requires an initial payment of \$22,500 at commencement of the lease and an annual fee of \$2,500 due on February 1st of each year, commencing on February 1st, 2009. The company will also pay, as additional rent, the reasonable fees and expenses of the Trustee under the Indenture. Also, so long as this Agreement remains in effect and the Project is owned by the Issuer, the Project shall be exempt from ad valorem tax. The Company also agrees to make a payment on the date of closing and on February 1st of each year thereafter in the amount of \$50,000 per year to the Issuer which the Issuer intends to pay to the local fire protection district to defray the costs of fire protection.

An agreement with a private company, dated August 7, 2008, expires on August 7, 2018 or at such time when all bonds are retired. The lease requires an initial payment of \$19,576 at commencement of the lease and on February 1st of each of the following years commencing on February 1, 2009, an administrative fee of 1/10th of 1% of outstanding bond amount, minimum \$2,500 and maximum \$25,000. Also, the lease provides for an exemption from ad valorem tax, provided that for each calendar year, the company, together with its affiliates, maintains at least 70 average full time employees in the Parish of St. Tammany, Louisiana with an aggregate salary of \$3,150,000. The company has the option to purchase the property for the sum of the amount needed to retire the remaining bonds.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE H – LEASES, continued

An agreement with a private company, dated April 29, 2009, expires on April 29, 2019 or at such time when all bonds are retired. The lease requires an initial payment of \$53,632.50 at commencement of the lease and on February 1st of each of the following years, commencing on February 1, 2010, an administrative fee of 1/10th of 1% of outstanding bond amount, min \$5,000 and max \$25,000. Also, the lease provides for an exemption from ad valorem tax, provided that for each calendar year, the company, together with its affiliates, maintains at least 160 average full time employees in the Parish of St. Tammany, Louisiana with an aggregate salary of \$16,000,000. The company has the option to purchase the property for the sum of the amount needed to retire the remaining bonds.

An agreement with a private company, dated April 30, 2009, expires on April 30, 2029 or at such time when all bonds are retired. The lease requires an initial payment of 1/20th of initial principal amount of the bonds, less a credit for the \$500 application fee heretofore paid, at commencement of the lease and an annual fee of \$23,000 due on February 1st of each year, commencing on February 1st, 2010. The company will also pay, as additional rent, the reasonable fees and expenses of the Trustee under the Indenture. Also, so long as this Agreement remains in effect and the Project is owned by the Issuer, the Project shall be exempt from ad valorem tax. The Company also agrees to make a payment on December 31 of each year, commencing on December 31, 2009, in the amount of \$50,000 per year to the Issuer which the Issuer intends to distribute to such taxing bodies as may be determined by the Issuer in its sole discretion.

NOTE I – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 3, 2010, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL SCHEDULES

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Board Member	Amount
Peter Link, President PO Box 1470, Covington, LA 70434	\$ -0-
John Smith , Vice President 200 Pointer Lane, Pearl River, LA 70452	-0-
Dave Anderson, Treasurer 115 Pinewood Circle, Pearl River, LA 70452	-0-
Nixon Adams 250 Dona Dr., Mandeville, LA 70448	-0-
Dawn Sharpe Brackett 118 W. Hall Ave., Slidell, LA 70460	-0-
Jean Champagne 4840 Hwy. 22, Apt. 7-24, Mandeville, LA 70471	-0-
Chadwick W. Collings 909 Poydras St., Ste. 2300, New Orleans, LA 70112	-0-
Irma L. Cry P. O. Box 628, Covington, LA 70434	-0-
Stella Helluin 21454 Koop Dr., Ste. 3A, Mandeville, LA 70471	-0-
Martin "Marty" Mayer 109 Northpark Blvd. # 300 Covington 70433	-0-
Donna O'Daniels 68099 Hwy. 59, Mandeville, LA 70471	-0-
Danny Schaus 832 E. Boston St. Unit 17 Covington, LA 70433	-0-
Dewey Spies (Vacated January 29, 2009) 59232 Pine Bay Lane, Lacombe, LA 70445	-0-
Bill Oiler P.O. Box 628, Covington, LA 70434	-0-
Brenda Reine, Executive Director 21489 Koop Dr. Ste. 7, Mandeville 70471	-0-

See independent auditors' report.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND - BUDGET TO ACTUAL (BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009			2008		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ORIGINAL BUDGET	FINAL BUDGET
REVENUES					ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
Hotel/motel tax revenue	\$ 213,750	\$ 145,378	\$ 135,542	\$ (9,836)	\$ 213,750	\$ 254,085
Lease income & administrative fees	24,500	47,000	47,000	-	17,000	106,362
Bond Application Fee	-	-	-	-	2,500	8,000
Bond Closing Fee	-	64,633	64,632	(1)	-	70,590
Service fee revenue	125,000	175,000	175,000	-	75,000	75,000
State capital grants	-	-	-	-	-	25,053
Total Revenues	363,250	432,011	422,174	(9,837)	308,250	539,090
						546,774
						7,684
EXPENDITURES						
Economic development support	201,923	307,378	307,378	-	197,726	235,400
Legal and professional	28,475	28,675	26,330	2,345	28,300	28,094
Service fees	125,000	175,000	175,000	-	75,000	75,000
Other	7,852	8,379	8,361	-	7,224	94,151
Acquisition of equipment and infrastructure	-	-	-	-	-	25,053
Total Expenditures	363,250	519,432	517,069	2,345	308,250	457,698
						487,923
						(30,245)
Excess (Deficiency) of Revenues over (under) Expenditures	-	(87,421)	(94,895)	(7,474)	-	81,392
						58,851
Fund Balances - Beginning of Year	241,150	241,150	241,150	-	182,299	182,299
						182,299
Fund Balances - Ending of Year	\$ 241,150	\$ 153,729	\$ 146,255	(7,474)	\$ 182,299	\$ 263,691
						\$ 241,150
						\$ 22,541

See independent auditors' report.

OTHER REPORT



Silva Gurtner & Abney

Certified Public Accountants & Consultants

Brent A. Silva, CPA
Craig A. Silva, CPA*
Thomas A. Gurtner, CPA*
Kenneth J. Abney, CPA, MS Tax*

*Limited Liability Companies

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
St. Tammany Parish Development District
Mandeville, Louisiana

We have audited the basic financial statements of St. Tammany Parish Development District, as of December 31, 2009 and for the year then ended, and have issued our report thereon dated March 3, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Development District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Development District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Development District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects St. Tammany Parish Development District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of St. Tammany Parish Development District's financial statements that is more than inconsequential will not be prevented or detected by St. Tammany Parish Development District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by St. Tammany Parish Development District's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Development District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Silva Gurtner & Alney, LLC

March 3, 2010

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2009**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Anticipated Completion Date</u>
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Section I - Internal Control and Compliance Material to the Financial Statements:

No matters are reportable.

Section II - Internal Control and Compliance Material to Federal Awards:

No matters are reportable.

Section III - Management Letter:

No matters are reportable.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2008**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Section I - Internal Control and Compliance Material to the Financial Statements:

2008-1	2008	The District has amended its budget during the year for operational changes, but variances still exceed 5% of budget amounts. The unfavorable variance in expense was caused by the Budget calculations being based on historical trends for Act 19 1st Qtr Payments, but the actual 2008 Act 19 1st Qtr Payment was larger than usual.	Yes	There was a second review of all budget supporting documentation and the template used for the revised budget was adjusted to include both 1st and 2nd quarter Act 19 payments.
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Section II - Internal Control and Compliance Material to Federal Awards:

No matters are reportable.

Section III - Management Letter:

No matters are reportable.